



Kentucky's 2015 Governor's Conference on Postsecondary Education Trusteeship

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CONSEQUENTIAL BOARDS: ADDING VALUE WHERE IT MATTERS MOST

NATIONAL COMMISSION ON COLLEGE AND
UNIVERSITY BOARD GOVERNANCE

RATIONALE FOR COMMISSION

- Higher education is facing criticism
- Some high profile boards have made fundamental missteps
- Others have engaged in public disputes with their presidents

THE COMMISSION

- The commission included 17 individuals chaired by former TN Governor Phil Bredesen.
 - The commission's study lasted a total of 18 months.
 - Ultimately, the Commission made 7 key recommendations.
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RECOMMENDATIONS

1. Boards must improve value in their institutions and lead a restoration of public trust in higher education.

RECOMMENDATIONS

2. Boards must add value to institutional leadership and decision making by focusing on their essential role as *institutional fiduciaries*.

TRUSTEES AS FIDUCIARIES

1. **Fiduciary** – One who holds some asset(s) in trust for another and is charged to act beneficially on behalf of the other in managing that asset
2. **The Asset** – The college/university, including mission & identity, property, human resources & educational product
3. **For Whom** – The founders of the asset, which for public universities is the state, and its sponsors, which include students, donors, and alumni

* AGB (web), Fiduciary Duties

FIDUCIARY DUTIES

1. Duty of Care

- Act in good faith for best interests of institution
- Act reasonably, competently and prudently

2. Duty of Loyalty

- Put interest(s) of institution above all else
- Do not act from self interest; no self-dealing
- Conflict of loyalty

3. Duty of Obedience

- Obligation to advance mission
- Duty to act ethically and consistent with mission

*AGB (web), Fiduciary Duties

RECOMMENDATIONS

3. Boards must act to ensure the long-term sustainability of their institutions.
 - They must address changed financial circumstances
 - They must meet the imperative to deliver a high-quality education at lower costs
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RECOMMENDATIONS

4. Boards must improve governance through
- Attention to board/president relationships; and
 - Reinvigoration of shared governance.

EFFECTIVE SHARED GOVERNANCE

- Shared governance is unique to higher education.
- Although it is prevalent, is it also often misunderstood.
- Regardless, it is a critical element of a successful institution.

EFFECTIVE SHARED GOVERNANCE

- The Board codifies principles and process in its Board by-laws.
 - The Board retains the authority for the final say on all important matters.
 - The Board recognizes officially designated representative constituent groups.
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EFFECTIVE SHARED GOVERNANCE

- The Board commits to consultation whenever possible on important policy matters.
 - The Board shows great deference to faculty on curriculum development and academic appointments.
 - The Board retains ultimate authority on all policy matters.
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RECOMMENDATIONS

5. Boards must improve their own capacity and functionality through:
- Attention to the qualifications and recruitment of members;
 - Board orientation and continuing education;
 - Committee composition.

RECOMMENDATIONS

6. Boards must focus their time on strategic issues of greatest consequence to the institution.

RECOMMENDATIONS

7. Boards must hold themselves accountable for their own performance.

HALLMARKS OF HIGHLY EFFECTIVE BOARDS

1. Engage in governance not management
 2. Operate with a high level of trust and candor
 3. Focus on strategic issues that matter most
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HALLMARKS OF HIGHLY EFFECTIVE BOARDS

- 4. Do not tolerate personal agendas
- 5. Take time to listen to opposing views
- 6. Recognize the student and the quality of education as the highest priorities

HALLMARKS OF HIGHLY EFFECTIVE BOARDS

- 7. Assume responsibility for both advocacy and oversight
 - 8. Commit to due process and academic freedom
 - 9. Balance institutional needs with state's needs and priorities
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HALLMARKS OF HIGHLY EFFECTIVE BOARDS

- 10. Impose and insist on the highest ethical standards
 - 11. Openly debate important issues but speak with one voice once decisions are made
 - 12. Make comprehensive board orientation and continuing education a priority
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KEY WORDS

1. Transparency
 2. Ethics
 3. Public trust
 4. Fiduciary responsibility
 5. Effective shared governance
 6. Accountability
 7. Due process
 8. Governance not management
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THANK YOU

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